

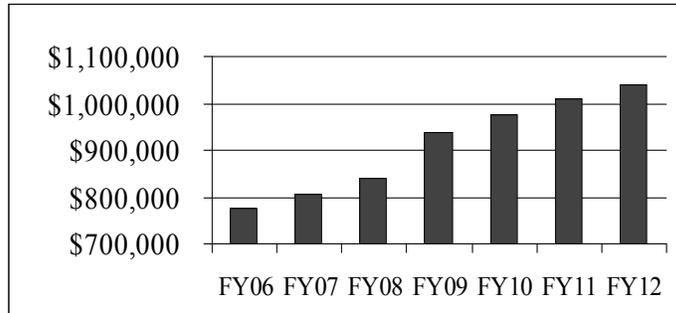
**TOWN OF SCITUATE
FY 2012 BUDGET ASSUMPTIONS
as of December 1, 2010**

REVENUE ASSUMPTIONS

1. Levy Limit

The Town is allowed to increase its tax levy limit 2.5% from the pervious year's base. This will increase the limit in FY 12 by \$ 1,039,330.

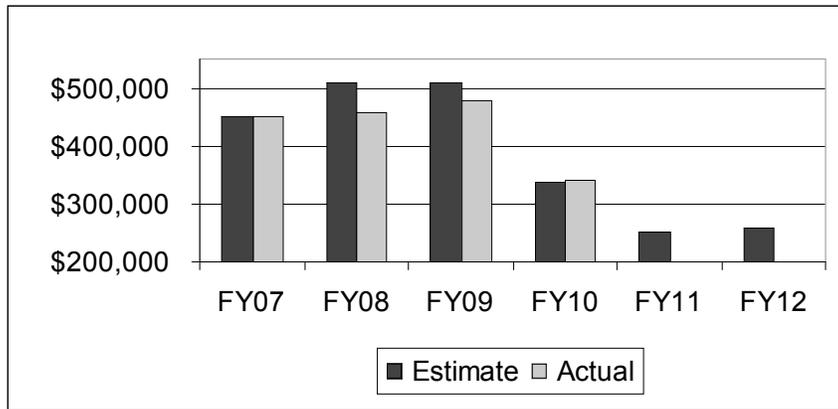
FY 11	\$1,007,833
FY 10	\$ 974,994
FY 09	\$ 939,576
FY 08	\$ 838,673
FY 07	\$ 807,252
FY 06	\$ 775,592



2. New Growth

FY 12 new growth is estimated to be \$ 260,000.00

New Growth	Estimate	Actual
FY 11	\$ 250,000	\$ 290,389
FY 10	\$ 337,500	\$ 340,459
FY 09	\$ 510,000	\$ 477,143
FY 08	\$ 510,000	\$ 455,725
FY 07	\$ 450,000	\$ 449,578
FY 06	\$ 500,000	\$ 490,833

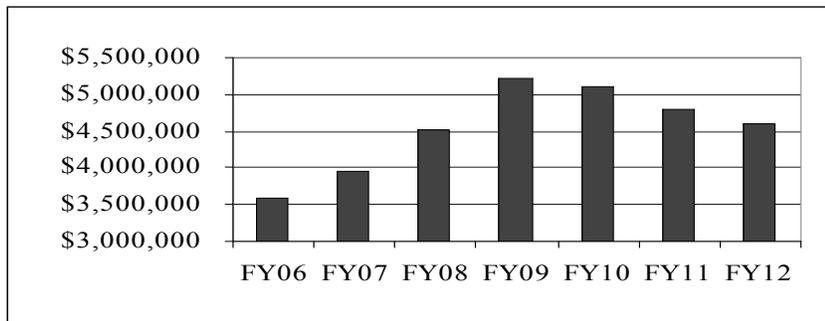


Trend: Unknown at this time but would expect growth to recover somewhat by FY 2013 as a result of the cycle lapse in permit filings vs. year reported.

3. Chapter 70 Aid is estimated to be reduced because stimulus funds will no longer be available; however this may change. The FY 12 amount is estimated to be \$ 4,614,081.

FY 11	\$ 4,806,334
FY 10	\$ 5,104,541
FY 09	\$ 5,208,715*
FY 08	\$ 4,529,951
FY 07	\$ 3,965,346

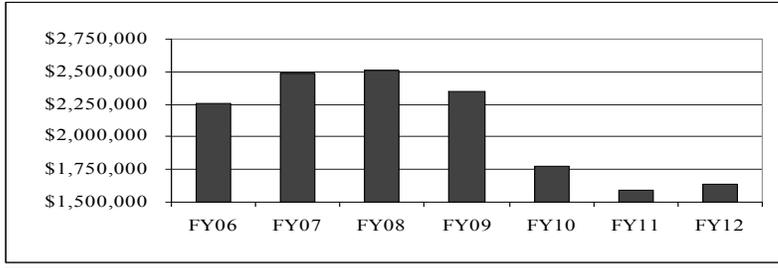
* In FY 09 American Recovery and Reinvestment Act (ARRA) funds were applied as a grant to supplement Chapter 70 payments from the Commonwealth in the amount of \$547,771.



Trend: Based on input from several varied sources, a 4% line item in this account is projected. This would be approximately equal to FY 08 levels.

4. Unrestricted Aid (formerly Lottery Aid and Additional Assistance)

	<u>Unrestricted Aid</u>		
FY 12	\$1,633,478		
FY 11	\$1,701,540		
FY 10	\$1,772,437		
	<u>Lottery Aid</u>	<u>Additional Assistance</u>	<u>Total</u>
FY 09	\$ 1,469,986.00	\$ 875,037.00	\$ 2,345,023
FY 08	\$ 1,628,696.00	\$ 875,037.00	\$ 2,503,733
FY 07	\$ 1,607,467.00	\$ 875,037.00	\$ 2,482,504
FY 06	\$ 1,376,394.00	\$ 875,037.00	\$ 2,251,431

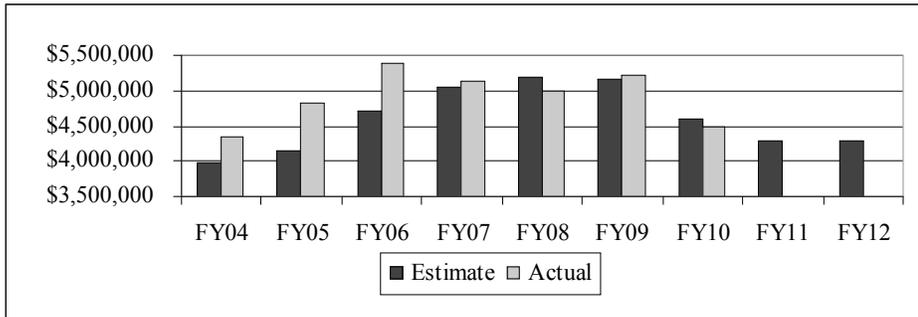


Trend: A 4% reduction in Unrestricted Aid is projected. FY 11, again similar to FY 08 levels.

5. General Fund Receipts

In FY 11 General Fund Receipts decreased by \$209,337 to \$4,276,778.

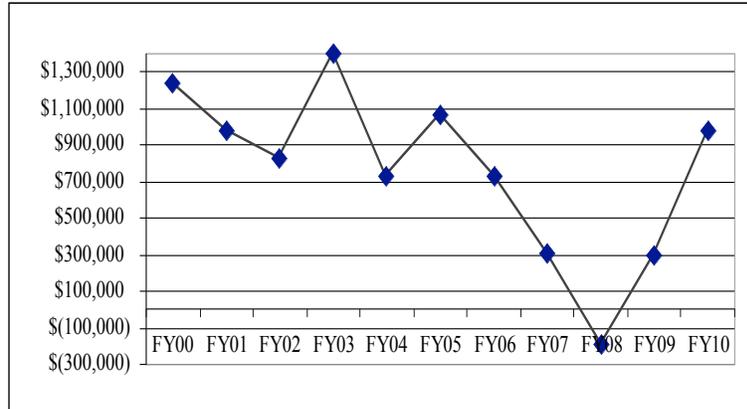
	Estimated	Actual	Variance (+ or -)
FY 12	\$4,276,778		
FY 11	\$4,276,778		
FY 10	\$4,589,063	\$4,486,115	\$(102,948)
FY 09	\$5,168,792	\$5,217,955	\$ 49,163
FY 08	\$5,188,506	\$4,996,497	\$(192,009)
FY 07	\$5,039,270	\$5,138,939	\$ 99,669
FY 06	\$4,722,199	\$5,375,970	\$ 653,771
FY 05	\$4,153,348	\$4,835,603	\$ 682,255
FY 04	\$3,980,602	\$4,356,942	\$ 376,340



6. Trend: FY 12 General Fund Receipts are estimated to remain flat at this time but may need to be revised downward after second quarter receipts are analyzed.

7. Certified Free Cash
(Undesignated Fund
Balance)

FY 10	\$ 976,826
FY 09	\$ 293,677
FY 08	\$ (189,322)
FY 07	\$ 302,274
FY 06	\$ 725,852
FY 05	\$ 1,063,518
FY 04	\$ 725,976
FY 03	\$ 1,399,184
FY 02	\$ 824,415
FY 01	\$ 972,405
FY 00	\$ 1,236,316



Trend: The Town has traditionally appropriated Free Cash to reduce the levy which in turn was used to subsidize operating budgets. This resulted in a limited ability to increase reserves and severely limited capital investment possible.

Tighter budgeting has increased Free Cash from a negative balance in FY 08 of (-\$189,322) to FY 10 certified Free Cash of \$976,826. This was a pre-meditated effort to increase funds for capital by not using it to fund recurring costs such as the operating budget. This represents a strong positive step in financial management of the Town.

8. Tax Title Collection

Tax Title Collections

	<u>Estimated (Tax & Special Assessments)</u>	<u>Actual</u>	<u>Interest/Fees</u>	
FY12	350,000			
FY11	350,000	88,704	24,350	As of 10/25/10
FY10		158,774	*30,264	
FY09		357,677	121,085	
FY08		212,162	**51,136	
FY07		74,969	11,123	
FY06		80,183	12,731	
FY05		143,859	21,837	
FY04		61,836	16,568	

*as of 11/9/09

** new policies

Deferral Collections

	<u>Estimated (Tax & Special Assessments)</u>	<u>Actual</u>	<u>Interest/Fees</u>	
FY12	50,000			
FY11	75,000	62,847	49,075	As of 10/25/2010
FY10		9,622	*502	
FY09		86,045	50,129	
FY08		25,051	7,179	
FY07		10,313	699	
FY06		54,910	25,548	
FY05		12,400	4,390	
FY04		15,649	3,042	

* as of 11/9/09

Taxes in Litigation

	<u>Estimated (Tax & Special Assessments)</u>	<u>Actual</u>	<u>Interest/Fees</u>	
FY12	0			
FY11	0	0	0	As of 10/25/10
FY10		0	0	0
FY09		0	0	0
FY08		0	0	0
FY07		0	0	0
FY06		0	0	0
FY05		2,455	2,242	2,242
FY04		0	0	0

Trend: The Town continues its aggressive stance with collecting tax titles and pursuing foreclosures. However, the budgetary amount allocated for FY 12 will need to be reduced as a result of budget constraints.

9. Medicaid Reimbursement

<u>Medicaid Reimbursements</u>	<u>Estimated</u>	<u>Actual (Net)</u>	<u>Variance</u>
FY 12	\$ 90,000		
FY 11	\$100,000		
FY 10	\$160,972	\$ 97,600	(\$ 63,372)
FY 09	\$141,763	\$160,972	(\$ 19,209)
FY 08	\$184,848	\$141,763	\$ 43,085
FY 07		\$187,848	
FY 06		\$113,611	
FY 05		\$ 97,715	
FY 04		\$ 50,154	

Trend: It is anticipated that this revenue will continue to be inconsistent and not return to the number seen three to four years ago.

EXPENSE ASSUMPTIONS

1. A balanced budget is required by law.
2. Collective Bargaining/Non-Union Staff

Of the 11 bargaining units in Town (five Town, six school) the contract status is as follows:

A 1% wage increase in the TOSCA contract is	\$ 12,984.00	Expired; mediation in progress
A 1% wage increase in the Laborer's contract is	\$ 17,082.00	Settled through 2012 (0%,1%,2%)
A 1% wage increase in the AMP contract is	\$ 14,222.00	Settled through 2013 (0%,2%,2%,2%)
A 1% wage increase in the IBPO contract is	\$ 15,508.00	Expired; mediation in progress
A 1% wage increase in the IAFF contract is	\$ 25,488.00	Expired; arbitration in progress

The School Department has all contracts settled through FY 12.

The Town has 11 non-union staff. Four of these have individual employment agreements; one is being renegotiated.

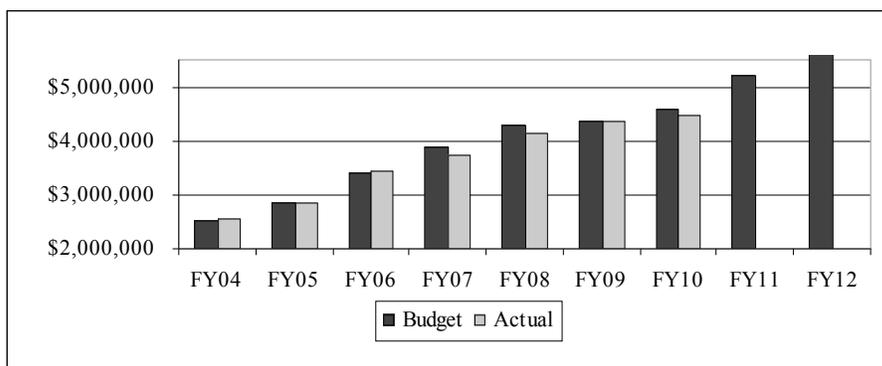
3. Net School Spending

The Town of Scituate Net School Spending amount as budgeted for FY 11 exceeded the minimum amount required under the education reform formula by \$4,049,377.00. In FY 10 the amount that exceeded Net School Spending was \$3,838,756.

4. Contributory Health and Life Insurance

The cost of health and life insurance plans for active and retired employees is expected to increase \$675,184 (13%) in FY 12 to \$5,868,908. In FY 11 a 16.07% increase was assumed. In FY 10 the increase was 13.25%

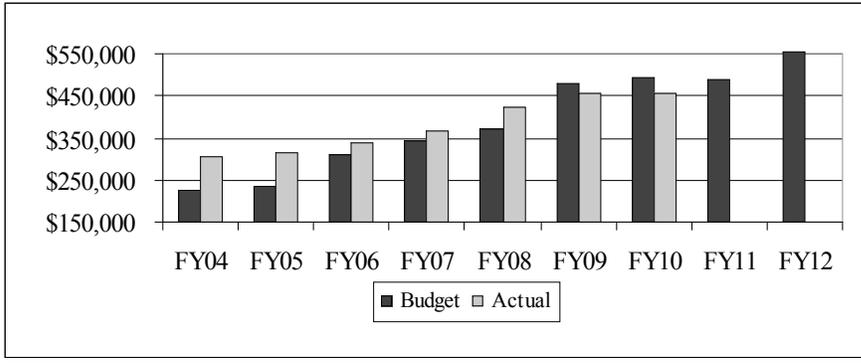
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
FY12	5,868,908		
FY11	5,193,724		
FY10	4,586,242	4,474,572	(111,670)
FY09	4,353,000	4,351,147	1,854
FY08	4,272,554	4,145,935	126,619
FY07	3,866,882	3,716,529	150,353
FY06	3,398,250	3,452,726	(54,476)
FY05	2,837,000	2,837,000	0
FY04	2,500,000	2,556,014	(56,014)



Trend: Budgetary projections are challenging because rates can be set after our April Town Meeting (as was the case in FY 10 and in FY 11). Fluctuations throughout the year in the total enrolled census also have an impact. This line item will continue to increase although the option to have some flexibility in plan options has been bargained with two of the town's five unions. Federal and state legislative changes may have some impact but not for the foreseeable future. Of most concern, as high as the increases have been, they would have been higher in FY 10 and FY 11 if not subsidized in each year with \$3 million dollars in reserves from the health plan group.

5. Medicare/FICA

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
FY12	552,876		
FY11	487,000		
FY10	494,266	456,025	38,241
FY09	479,266	456,514	22,752
FY08	370,000	420,846	(50,846)
FY07	343,000	366,255	(23,255)
FY06	308,000	336,356	(28,356)
FY05	237,000	314,263	(77,263)
FY04	226,000	306,781	(80,781)



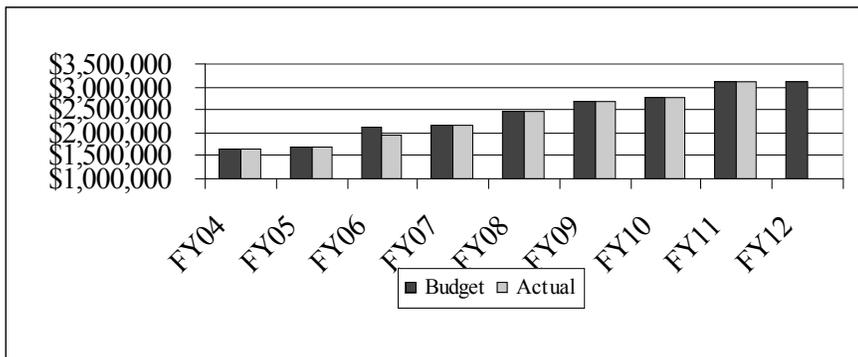
Trend: This line item will continue to be challenging to predict for FY 12 because of uncertainty regarding employee status changes as a result of budget reductions.

6. Retirement Assessment (Contributory and Non-Contributory)

FY 12 Retirement Assessments will decrease \$13,200 (.41%) to \$ 3,192,924. This amount will be used to seed an OPEB Fund to be established at 2011 ATM.

Contributory

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
FY12	\$3,103,047		
FY11	3,118,030	3,118,030	0
FY10	2,758,350	2,758,350	0
FY09	2,668,612	2,668,612	0
FY08	2,464,168	2,464,168	0
FY07	2,153,248	2,153,248	0
FY06	2,104,099	1,929,160	174,939
FY05	1,698,327	1,668,172	30,155
FY04	1,640,908	1,640,908	0



Non Contributory

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
FY12	89,877		
FY11	88,094		
FY10	87,094	86,320	774
FY09	107,000	84,557	22,443
FY08	105,000	89,208	15,792
FY07	102,462	95,156	7,306
FY06	94,700	91,380	3,320
FY05	113,161	104,978	8,183
FY04	119,500	103,824	15,676

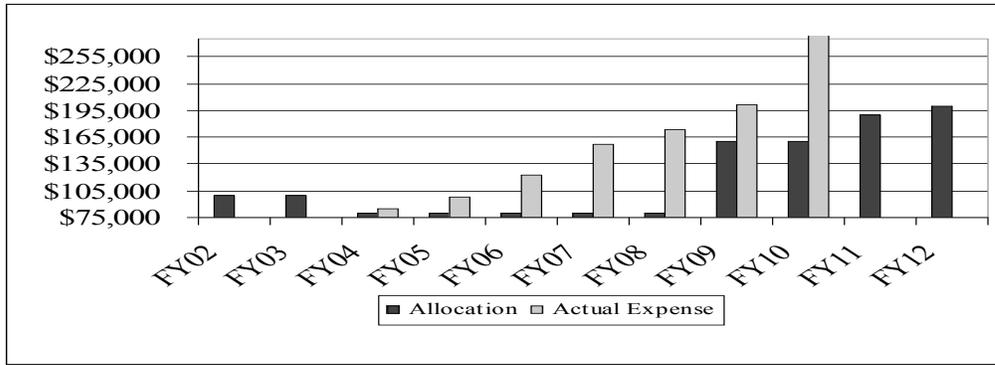
Trend: Pension investments saw some recovery in FY 10 and the transfer of the Plymouth County Sheriff's Office to the Commonwealth has been completed. (assets only, liability remains). Cost reimbursement for these employees still is being negotiated. Retirees at 5% contribution levels as opposed to the current rate of 9+2% will result in increases in significant amounts for the next several years. The Town does avail itself of making a one-time payment (versus semi-annual) to avert additional interest costs from the County which results in considerable savings.

We have five retirees still paid through non-contributory pensions as a result of being enrolled before the current contributory retirement system and this amounts increases with cost of living adjustments.

7. Workers' Compensation

	<u>Allocation</u>		<u>Actual Expense</u>
FY 12	\$ 200,000		
FY 11	\$ 190,000	YTD	\$ 68,000
FY 10	\$ 160,000		\$ 303,738
FY 09*	\$ 160,000		\$ 201,012
FY 08	\$ 80,000		\$ 173,476
FY 07	\$ 80,000		\$ 156,587
FY 06	\$ 80,000		\$ 122,407
FY 05	\$ 80,000		\$ 98,220
FY 04*	\$ 80,000		\$ 84,865
FY 03	\$ 100,000		\$ 57,974
FY 02	\$ 100,000		\$ 51,720

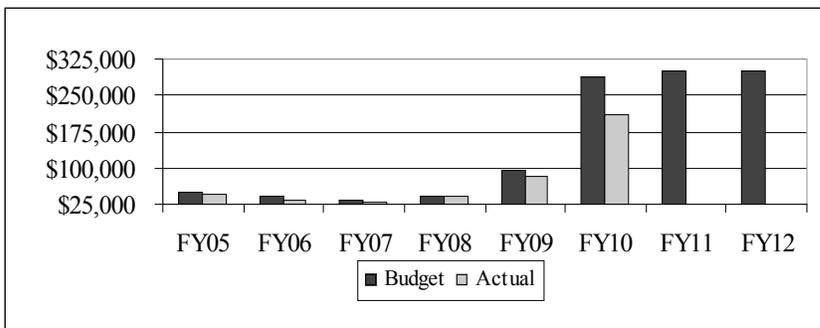
* Line of Duty included in expenditures included from FY 04 to FY 09. Separate insurance now.



Trend: Before FY 11 this account was under-funded. An accounting change for FY 11 will help mitigate costs going forward, to minimize the occurrence of what happened in FY 10 before the change. The addition of the Stop/Loss on this Fund will increase the appropriation in future fiscal years until the Fund Balance is such that the interest generated can pay the premium and other administrative costs.

8. Unemployment

	Appropriated	Actual	Variance
FY 12	\$300,000	\$	\$
FY 11	\$300,000	\$ 86,000	YTD
FY 10	\$290,000	\$211,607	\$78,393
FY 09	\$ 96,000	\$ 83,600	\$12,400
FY 08	\$ 40,000	\$ 39,461	\$ 539
FY 07	\$ 33,000	\$ 30,549	\$ 2,451
FY 06	\$ 39,775	\$ 35,262	\$ 4,513
FY 05	\$ 51,699	\$ 47,186	\$ 4,513



Trend: This fund was increased in FY 11 in anticipation of layoffs. Expenditures this year are still well above prior years but YTD are within budget. While level funding is projected for FY 12, this allocation may be revised at a later date.

9. Special Education

	<u>Outside Placements</u>	<u>Circuit Breaker Reimbursements</u>
FY 12	\$ 2,014,783	\$ 410,000
FY 11	\$ 2,014,783	\$ 410,000
FY 10*	\$ 2,111,352	\$ 406,452
FY 09	\$ 1,900,319	\$ 948,368
FY 08	\$ 2,210,065	\$1,130,603
FY 07	\$ 2,197,483	\$1,010,035
FY 06	\$ 2,087,901	\$ 605,719

* Reflects reduction from 72% to 38%

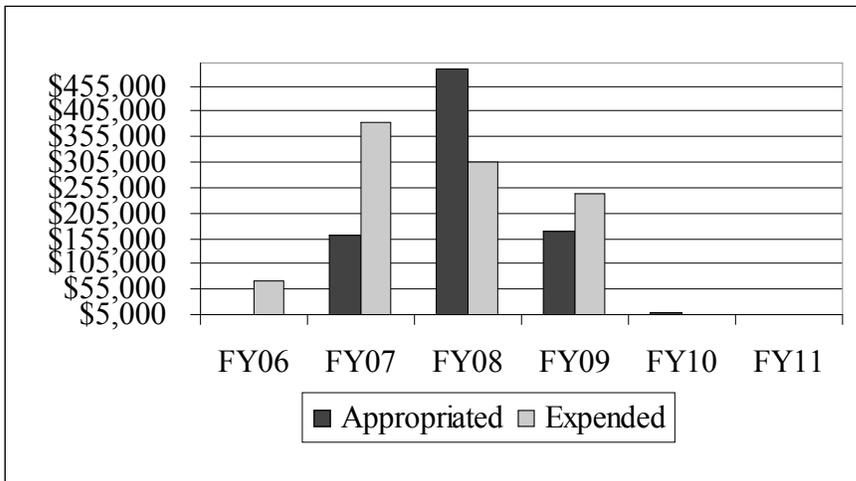
Trend: The FY 12 estimated projection is based on present students.

10. Stabilization Fund

An allocation should be made each year to the Stabilization Fund. Interest earned by the Stabilization Fund will be allocated back into it.

	<u>Appropriated</u>	<u>Interest</u>	<u>Expended</u>	<u>Balance 07/01/10</u>
FY 11	\$			\$2,202,033
FY 10	\$ 9,415	\$ 15,814	\$ 0	
FY 09	\$ 169,850	\$ 42,242	\$ 243,942	
FY 08	\$ 486,436	\$ 71,942	\$ 305,000	
FY 07	\$ 162,593	\$ 106,890	\$ 385,000	
FY 06	\$2,065,446*	\$ 75,347	\$ 70,000	

*Beginning Balance



11. Reserve Fund

<u>Reserve Fund</u>	<u>Budgeted</u>	<u>Expenditures</u>	<u>Variance</u>
FY 11	\$81,871		
FY 10	\$90,000	\$ 81,004	\$ 8,996
FY 09	\$90,000	\$ 90,000	
FY 08	\$90,000	\$ 89,840	\$ 160
FY 07	\$90,000	\$ 86,460	\$ 3,540
FY 06	\$90,000	\$ 90,000	
FY 05	\$90,000	\$ 90,000	
FY 04	\$90,000	\$ 14,540	\$ 75,460

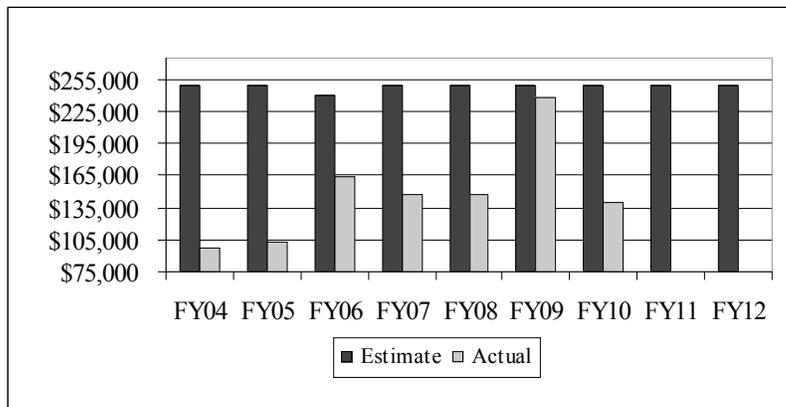
Trend: The Reserve Fund is for emergency or unforeseen events the use of which has not always been consistent. Better budgeting should, over time, reduce this line item.

12. Allowance for Abatements/Exemptions

The allowance for abatements and exemptions for FY 2012 will be approximately \$250,000.

Abatements/Exemptions

	<u>Estimated</u>	<u>Raised</u>	<u>Actual</u>
FY 12 *	\$250,000		
FY 11	\$250,000		
FY 10	\$250,000	\$250,000	\$139,784
FY 09*	\$200,000	\$250,000	\$237,203
FY 08	\$150,000	\$250,000	\$146,817
FY 07**	\$160,000	\$250,000	\$147,444
FY 06*	\$175,000	\$239,440	\$163,760
FY 05	\$125,000	\$102,140	\$102,140
FY 04	\$100,000	\$250,000	\$ 96,480



Trend: In FY 10 we experience a DECREASE in abatement filings compared to the previous fiscal year (62 filings in FY 2010 vs. 150 in FY 2009). Exemption filings by seniors, veteran, etc are generally consistent from year to year. Assessments were decreased in FY 2010 and will see an additional decrease for FY 2011. However, abatement filings may increase due to economic conditions as well as taxpayer perceptions and misunderstanding regarding the assessment process. There will continue to be a reserve of approximately \$35,000 for the pending ATB case with the Archdiocese.

FY 12 is a revaluation year which will require an appropriation at town meeting.

* Revaluation year

** Veterans exemption allowance increased.

13. Maturing Debt and Interest*

* Excludes Enterprise Fund debt

General Fund Debt

	<u>Budget</u>	<u>Actual</u>
FY12	2,106,580	
FY11	2,276,194	
FY10	2,228,430	2,181,743
FY09	2,307,447	2,338,486
FY08	1,534,883	1,585,447
FY07	1,135,089	1,453,354
FY06	994,210	707,530
FY05	1,265,623	546,134
FY04	1,007,078	668,320

Trend: The Town will be floating a bond of approximately xx in March of 2011. In addition, regular investments for a rolling capital plan are expected to commence in FY 12 with an authorization for borrowing that will be funded in FY 13 and forward.

14. General Liability/Property Insurance

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
FY12	412,284		
FY11	404,200		
FY10	460,000	460,000	0
FY09	448,007	444,101	3,906
FY08	447,000	434,288	12,712
FY07	437,572	437,572	0
FY06	426,139	426,139	0

FY05	350,464	350,464	0
FY04	330,000	306,253	23,747

PROGRAM ASSUMPTIONS:

Programs, services and staffing will be difficult to maintain at current levels which were already reduced in some key areas for FY 11. The availability of funds, prior year identified needs and priorities established by department heads will also be considered. Town side focus this year will continue to focus on developing its IT capacity and capital/ facility maintenance needs.

Long-range budget and strategic planning substantiated by established goals and objectives are now in place.

PAV;10/10

Data provided by:

Mary Gallagher, Town Accountant
Jane Lepardo, Treasurer/Collector
Steve Jarzembowski, Director of Assessing